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MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE, MARKETING AREA
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Federal Order No. 90, 5916 Brainerd Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

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RECOMMENDED ORDER AMENDMENT

A public hearing during June, with sessions held at Nashville, Wichita and New Orleans, considered proposals to amend 31 Federal milk orders (including Chattanooga) regulating the marketing of milk in parts of 16 Southern, Central and Great Plains states. The hearing was requested by cooperative associations representing producers in these areas. Two proposed changes were considered: (1) adopting a common basic formula price to be used in computing the Class I or bottling milk prices and (2) announcing all milk prices on a 3.5 percent butterfat basis.

A recommended decision was released by the United States Department of Agriculture on July 6, 1962 favoring the adoption of these two changes. The various alternative prices paid for manufacturing milk and milk products now used to compute basic formula prices would be supplanted by the Minnesota-Wisconsin manufacturing milk price. This new quotation is the average price paid for about one-half of the manufacturing milk produced in the United States and is thought to be a more reliable and representative measure of the basic value of milk. The differential added to the basic formula price in computing the Class I price for the Chattanooga area would not be changed since there has been no significant difference during recent months between the average of the old and the proposed basic formula prices.

Announcing milk prices at a 3.5% test, rather than at various tests as now practiced in these areas, would not affect the level of prices since the price of milk at any given test would be adjusted with a butterfat differential as at present. The Market Administrator's office plans during the transitory period to announce milk prices on both the 3.5 and 4.0 percent butterfat basis if the recommendations are adopted.

Using a uniform basic formula price and announcing prices at a uniform butterfat test would make for an easier alignment and comparison of milk prices between areas. Interested parties may file written exceptions to this recommended decision on or before July 16, 1962. Similar amendments have been made to 36 Federal milk orders recently.

MARKET SUMMARY JUNE 1962

The Chattanooga Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 4.0% are: Base Milk \$4.52, Excess Milk \$2.96. The butterfat differential is 7.2 cents for each one-tenth of one percent above or below 4.0%.

During June 72.0% of the total producer milk was priced in Class I at \$4.91 per cwt. with a butterfat differential of 7.5 cents and 28.0% was priced in Class II at \$3.00 per cwt. with a butterfat differential of 6.7 cents. The percent of producer skim and butterfat priced in Class I was 72.5% and 61.6% respectively. Base milk was 89.9% and excess milk was 10.1% of the total producer deliveries. All excess milk and 19.9% of base milk was priced in Class II and 80.1% of base milk was priced in Class I.

The daily average deliveries of producer milk during June decreased 7.1% compared with May and increased 5.6% compared with June 1961. The daily average use of Class I milk decreased 0.7% compared with May and increased 8.4% compared with June 1961. The daily average base delivered was 91.1% of the established base.

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	June '62	May '62	June '61
Number of Plants (Pool and Non-Pool)	14	14	17
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries - Base	437,117	459,802	409,710
- Excess	48,938	63,152	50,615
- Total	486,055	522,954	460,325
% June '62 compared with:	100.0	92.9	105.6
Other Source	12,010	12,670	8,587
Other Order	12,144	10,892	58,315
Total Milk Receipts	510,209	546,516	527,227
% June '62 compared with:	100.0	93.4	96.8
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	287,296	289,230	265,487
Fluid Skim	14,512	16,261	12,098
Buttermilk	40,073	39,015	38,286
Chocolate Milk	9,037	8,855	7,714
Fluid Creams (Sweet & Sour)	2,564	2,695	2,536
Bulk to Non-Handlers	869	-	29
Shrinkage Class I	1,423	1,063	1,263
Other	(1,463)	(401)	(530)
Total Class I Milk	354,311	356,718	326,883
% June '62 compared with:	100.0	99.3	108.4
Class II Uses:			
Butter	951	4,901	6,028
Cottage Cheese	18,735	21,018	15,251
Powdered and Condensed Milk	82,394	114,965	126,767
Ice Cream	49,679	45,325	43,947
Stockfeed	4,363	4,755	4,331
Shrinkage Class II	6,852	7,329	9,986
Other	(7,076)	(8,495)	(5,966)
Total Class II Milk	155,898	189,798	200,344
% June '62 compared with:	100.0	82.1	77.8
Gross Class I Butterfat Pounds	12,218	12,599	11,391
Gross Class II Butterfat Pounds	7,976	8,952	10,047
Total Butterfat Pounds	20,194	21,551	21,438
% Producer Milk of Gross Class I	137.2	146.6	140.8
% Producer Milk priced in Class I	72.0	67.4	70.1

JULY 1962 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	July '62	June '62	July '61
Basic Formula (See page 4)	\$3.38	\$3.42	\$3.61
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.10)	(0.26)	(0.16)
Class I Price, 4.0% Butterfat	\$5.03	\$4.91	\$5.20
Per \$ 1090.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: May and June			
Supply: Lbs. Producer Milk (May 16,211,558 and June 14,581,638)			30,793,196
Demand: Lbs. Net Class I Milk (May 10,934,351 and June 10,545,348)			21,479,699
Utilization Percentage: Producer milk divided by Class I			143
Standard Utilization Percentage: Range 134-138			138
Net Deviation Percentage: Utilization minus Standard Utilization			plus 5
Supply-Demand Adjustment: 2 cents x 5 percentage points			minus \$0.10

Since the supply in relation to the demand is more than the desired standard, the price is decreased 10 cents per hundredweight (2 cents x 5 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICES FOR JUNE 1962

Based on 14 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt.Price @ Test	Value
Gross Class I		10,629,332	3.448		
Less Other Source		126,449	2.022		
Producer Milk Class I	72.0	10,502,883	3.465534	\$4.509151	\$473,590.85
Gross Class II		4,676,931	5.116		
Less Other Source		598,176	2.058		
Producer Milk Class II	28.0	4,078,755	5.564933	4.048505	165,128.60
TOTAL PROD. (Cl. I + Cl. II)	100.0	14,581,638	4.052775		638,719.45
Less Fractional Adjustment					.02
Add Compensatory Payment Value					24.57
Add Overage Value					1,561.26
Add Inventory Reclassification Value					645.81
Add $\frac{1}{2}$ Prod.-Settlement Fund Reserve					7,351.11
TOTAL VALUE AT TEST		14,581,638	4.052775		648,302.18
Less Test Over 4% @ 7.2¢ per point		14,581,638	.052775	0.037998	5,540.73
TOTAL PRODUCER MILK VALUE AT 4% TEST		14,581,638	4.0		642,761.45
		Pounds	Price 4%	Amount	
Excess Producer Milk - Class I		-	-	-	
Excess Producer Milk - Class II		1,468,130	\$3.00	\$44,043.90	
Total Excess Producer Milk		1,468,130	3.00	44,043.90	
Less Prod.-Settlement Fund Res. @ 4¢		1,468,130	.04		587.25
UNIFORM EXCESS PRICE f.o.b. PLANT - 4%		1,468,130	2.96		43,456.65
Value of Base Milk (Total less Excess)		13,113,508	4.565655		598,717.55
Less Producer-Settlement Fund Reserve		13,113,508	.045655		5,986.97
UNIFORM BASE PRICE f.o.b. PLANT - 4%		13,113,508	\$4.52		\$592,730.58

JUNE 1962 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0%	\$3.80	\$2.24	4.0%	\$4.52	\$2.96	5.0%	\$5.24	\$3.68
3.05	3.836	2.276	4.05	4.556	2.996	5.05	5.276	3.716
3.1	3.872	2.312	4.1	4.592	3.032	5.1	5.312	3.752
3.15	3.908	2.348	4.15	4.628	3.068	5.15	5.348	3.788
3.2	3.944	2.384	4.2	4.664	3.104	5.2	5.384	3.824
3.25	3.98	2.42	4.25	4.70	3.14	5.25	5.42	3.86
3.3	4.016	2.456	4.3	4.736	3.176	5.3	5.456	3.896
3.35	4.052	2.492	4.35	4.772	3.212	5.35	5.492	3.932
3.4	4.088	2.528	4.4	4.808	3.248	5.4	5.528	3.968
3.45	4.124	2.564	4.45	4.844	3.284	5.45	5.564	4.004
3.5	4.16	2.60	4.5	4.88	3.32	5.5	5.60	4.04
3.55	4.196	2.636	4.55	4.916	3.356	5.55	5.636	4.076
3.6	4.232	2.672	4.6	4.952	3.392	5.6	5.672	4.112
3.65	4.268	2.708	4.65	4.988	3.428	5.65	5.708	4.148
3.7	4.304	2.744	4.7	5.024	3.464	5.7	5.744	4.184
3.75	4.34	2.78	4.75	5.06	3.50	5.75	5.78	4.22
3.8	4.376	2.816	4.8	5.096	3.536	5.8	5.816	4.256
3.85	4.412	2.852	4.85	5.132	3.572	5.85	5.852	4.292
3.9	4.448	2.888	4.9	5.168	3.608	5.9	5.888	4.328
3.95	4.484	2.924	4.95	5.204	3.644	5.95	5.924	4.364

MILK SAMPLES TESTED - Producer Fresh Samples 5,728 - Handler Finished Products 198.

CHATTANOOGA ORDER MILK PRICES (4 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
June '61	\$4.51 ^{2/}	\$4.69	\$3.07	7.6¢	\$5.16	7.9¢	\$3.11	7.0¢
July	4.58 ^{2/}	4.76	3.06	7.6	5.20	7.9	3.10	7.0
Aug.	4.55	-	-	7.6	5.20	7.9	3.10	7.0
Sept.	4.67	-	-	7.6	5.00	7.9	3.65	7.0
Oct.	4.61	-	-	7.6	5.04	7.9	3.65	7.0
Nov.	4.74	-	-	7.6	5.14	7.9	3.65	7.0
Dec.	4.66	-	-	7.6	5.10	7.9	3.65	7.0
Jan. '62	4.74	-	-	7.6	5.16	7.9	3.65	7.0
Feb.	4.61	-	-	7.6	5.16	7.9	3.12	7.0
Mar.	4.63 ^{2/}	4.77	2.99	7.6	5.18	7.9	3.03	7.0
Apr.	4.40 ^{2/}	4.62	2.96	7.4	5.24	7.9	3.00	6.7
May	4.29 ^{2/}	4.48	2.96	7.2	4.95	7.5	3.00	6.7
June	4.36 ^{2/}	4.52	2.96	7.2	4.91	7.5	3.00	6.7
July	-	-	-	-	5.03	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES

Date	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS (\$-cwt-4%)				Highest or Basic Formula \$-cwt-4%
	Mid-West Cond. \$-cwt-3.5%	Chi.92° Butter ¢ Lb.	Chi.Area Powders ¢ Lb.	Wisc. Cheese ¢ Lb.	Mid-West Cond.	Butter Cheese	Butter Powder	4 Tenn. Milk Mfg.	
June '61	3.122	60.466	14.820	34.250	3.50	3.31	3.61	3.11	3.61
July	3.154	60.466	14.865	34.375	3.53	3.31	3.61	3.10	3.61
Aug.	3.173	60.466	15.120	34.750	3.55	3.31	3.65	3.10	3.65
Sept.	3.182	60.466	15.105	35.025	3.56	3.32	3.65	3.10	3.65
Oct.	3.189	60.466	15.125	35.250	3.57	3.32	3.65	3.14	3.65
Nov.	3.206	60.466	15.070	35.250	3.59	3.32	3.65	3.15	3.65
Dec.	3.194	60.466	15.275	35.250	3.57	3.32	3.65	3.15	3.65
Jan. '62	3.178	60.466	15.260	35.250	3.56	3.32	3.65	3.15	3.65
Feb.	3.139	60.466	15.200	35.250	3.52	3.32	3.65	3.12	3.65
Mar.	3.061	60.466	15.060	34.850	3.44	3.32	3.65	3.03	3.65
Apr.	2.929	57.957	14.125	33.250	3.30	3.18	3.46	3.00	3.46
May	2.896	57.966	13.530	33.062	3.26	3.17	3.42	3.00	3.42
June	2.889	57.940	13.330	33.000	3.25	3.17	3.38	3.00	3.38

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test%
June '61	17	527,227	326,883	322,856	460,325	409,710	676	681	606	75	4.16
July	16	467,128	320,886	316,645	437,762	391,235	674	649	580	69	4.11
Aug.	16	482,211	331,130	326,695	455,739	-	683	667	-	-	4.10
Sept.	16	510,882	392,792	387,850	490,621	-	684	717	-	-	4.10
Oct.	16	496,512	359,804	355,333	484,049	-	685	707	-	-	4.33
Nov.	16	485,350	367,830	363,038	472,375	-	686	689	-	-	4.39
Dec.	16	494,324	351,891	347,812	476,639	-	685	696	-	-	4.41
Jan. '62	16	486,624	364,433	359,869	473,586	-	685	691	-	-	4.40
Feb.	15	502,714	370,556	365,746	487,973	-	683	714	-	-	4.23
Mar.	15	505,938	379,758	374,849	491,393	453,152	681	722	665	57	4.22
Apr.	14	558,890	352,978	348,742	536,273	465,332	680	689	684	105	4.13
May	14	546,516	356,718	352,318	522,954	459,802	678	771	678	93	4.03
June	14	510,209	354,311	350,096	486,055	437,117	678	717	645	72	4.05

^{1/} Excludes Premiums^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I;
Excess is Producer minus Base